

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 IO-13 ISO-00
AGRE-00 TRSE-00 ITC-01 COME-00 STR-04 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 AID-05 CIEP-01 SS-15 USIA-06 PRS-01
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STR:BSEASTRUM

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R 152250Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK
AMCONSUL BELIZE
AMCONSUL CALI
AMEMBASSY CANBERRA
AMCONSUL DURBAN
USMISSION GENEVA
AMCONSUL GUAYAQUIL
AMEMBASSY LILONGWE
AMEMBASSY LONDON
AMEMBASSY MAPUTO
AMEMBASSY MBABANE
AMEMBASSY MANILA
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PORT LOUIS
AMEMBASSY PRETORIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY SUVA
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AMEMBASSY TAIPEI
AMEMBASSY TANANARIVE
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SUGAR: SUMMARY STATUS OF RECENT DEVELOPMENTS

REFS: (A) STATE A-4905, 10/7/76, (B) STATE 275382,
(C) STATE 216100, (D) LONDON 16167, (E) LONDON 18311,
(F) LONDON 18748

SUMMARY: THIS MESSAGE HAS BEEN PREPARED TO PROVIDE AN UP-
DATE FOR POSTS WITH AN INTEREST IN U.S. SUGAR POLICY.
RUMORS OF IMPENDING ADMINISTRATIVE OR CONGRESSIONAL ACTION
ON SUGAR CONTINUE AMONG INTERESTED PARTIES IN WASHINGTON
AND NEW YORK. DISCUSSION REVOLVES AROUND THE CONTINUING
INQUIRY INTO SUGAR IMPORTS BY THE INTERNATIONAL TRADE
COMMISSION (ITC) (SEE REFTEL B), THE POSSIBILITY FOR NEW
SUGAR LEGISLATION IN THE NEXT CONGRESS (SEE REFTEL C), AND
PREPARATIONS FOR NEGOTIATION OF A NEW INTERNATIONAL SUGAR
AGREEMENT (ISA) SCHEDULED TO BEGIN IN APRIL 1977.
(REFTELS D, E, AND F). END SUMMARY.

1. CONGRESS IS LIKELY TO CONSIDER NEW SUGAR LEGISLATION
NEXT YEAR. SEVERAL BILLS ARE EXPECTED TO BE SUBMITTED,
INCLUDING THE BILL PREVIOUSLY SUBMITTED BY CONGRESSMAN
BERGLAND OF MINNESOTA, WHICH WOULD USE A VARIABLE LEVY ON
IMPORTS TO DEFEND A TARGET PRICE. IN ADDITION, LEGISLATION
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SIMILAR TO THE OLD SUGAR ACT, INVOLVING COUNTRY IMPORT
QUOTAS, IS LIKELY TO BE SUBMITTED.

2. LOBBYISTS OF SEVERAL FOREIGN SUPPLIERS HAVE BEEN
ASSURING ALL WHO WOULD LISTEN THAT A NEW SUGAR ACT
(EMPLOYING COUNTRY QUOTAS) WOULD BE PASSED EARLY IN THE
NEW CONGRESS. THERE ARE SOME FORCES MITIGATING AGAINST
EARLY ACTION INCLUDING:

- THE COMPLEX NATURE OF SUGAR LEGISLATION;
- ITS CONTROVERSIAL NATURE;
- PRIORITY IS LIKELY TO BE GIVEN TO OMNIBUS FARM
LEGISLATION;
- DELAYS DUE TO JOINT REFERRAL OF A SUGAR BILL TO THE
HOUSE WAYS AND MEANS COMMITTEE AS WELL AS THE HOUSE
AGRICULTURE COMMITTEE;
- DIFFICULTIES CREATED BECAUSE TWO-THIRDS OF THE HOUSE
IS UNFAMILIAR WITH THE OLD SUGAR ACT AND ONE HALF THE HOUSE

AGRICULTURE COMMITTEE IS IN A LIKE POSITION;

- OPPOSITION ON THE PART OF CONGRESSMEN FROM URBAN AND SUBURBAN CONSTITUENCIES OSTENSIBLY REPRESENTING CONSUMERS;

AND,

- THE LIKELIHOOD THAT SOME LONG TIME SUPPORTERS OF SUGAR LEGISLATION, SUCH AS THE CANE SUGAR REFINERS AND INDUSTRIAL USERS MAY NOT SUPPORT IT AS BEING IN THEIR INTEREST.

ALL THESE ELEMENTS COULD PROBABLY BE EASILY OVERCOME IF THE EXECUTIVE BRANCH WERE TO TAKE A STRONG LEADERSHIP ROLE IN SEEKING NEW SUGAR LEGISLATION.

3. THE ITC HAS NOW HELD HEARINGS AT THREE LOCATIONS, WASHINGTON, NEW ORLEANS AND SAN FRANCISCO. AT THE NEW ORLEANS SESSION LOUISIANA INTERESTS POINTED TO A POTENTIAL DOLS. 66 MILLION LOSS ON THIS CROP, WHILE BEET GROWERS POINTED OUT THAT BEET PRODUCTION WOULD DECLINE 20/25 PER-LIMITED OFFICIAL USE

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CENT NEXT YEAR AS A RESULT OF CURRENT PRICES. AMBASSADOR VICTOR C. MCINTYRE, OF TRINIDAD AND TOBAGO, SPEAKING FOR CARICOM COUNTRIES, CALLED FOR A COUNTRY BY COUNTRY QUOTA SYSTEM BUT OPPOSED ANY U.S. IMPOSITION OF TARIFFS. AT SAN FRANCISCO, HAWAIIAN INTERESTS AND WESTERN U.S. BEET INTERESTS REQUESTED THE IMMEDIATE LOWERING OF THE U.S. GLOBAL QUOTA, A FLEXIBLE DUTY TO RAISE THE U.S. DOMESTIC PRICE TO NEAR FIFTEEN CENTS PER POUND, REMOVAL OF SUGAR FROM GSP TREATMENT, AND ENACTMENT OF A NEW SUGAR ACT. THE CANE SUGAR REFINERS AND INDUSTRIAL USERS AGAIN OPPOSED THE PETITION, CLAIMING IMPORTS HAVE NOT INCREASED SO AS TO THREATEN INJURY. THE ITC MUST REPORT BY MARCH 17, 1977. IF IT MAKES A FINDING OF IMPORT DAMAGE IN ITS REPORT TO THE PRESIDENT, AND RECOMMENDS PRESIDENTIAL ACTION THE PRESIDENT HAS SIXTY ADDITIONAL DAYS IN WHICH TO ACT. THE ITC IS MAKING AN EFFORT TO REPORT IN JANUARY.

4. THE AMERICAN FARM BUREAU FEDERATION HAS PETITIONED THE TRADE POLICY STAFF COMMITTEE, CHAIRED BY STR, TO REMOVE SUGAR FROM GSP TREATMENT. THE TPSC WILL CONSIDER THE REQUEST IN MID-DECEMBER AT ITS BIENNIAL REVIEW OF GSP. THE TPSC DOES NOT PLAN ON MAKING A DECISION ON GSP UNTIL THE ITC MAKES ITS REPORT. A FINDING OF DAMAGES BY THE ITC WOULD AUTOMATICALLY REMOVE SUGAR FROM THE GSP LIST.

5. ISA NEGOTIATIONS BEGIN APRIL 18, 1977. THE U.S. HAS NOT YET EXPRESSED ITS POSITION ON THE MAJOR ISSUES DISCUSSED THUS FAR. (SEE REFTELS D, E, AND F.) KISSINGER

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